

## **Historic, Archive Document**

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copy 4 A Rural Credit Program

*This is*

FHA

A rural credit service of the  
U.S. DEPARTMENT OF AGRICULTURE  
FARMERS HOME ADMINISTRATION

## **WHAT IS FHA?**

The Farmers Home Administration of the U.S. Department of Agriculture channels credit to farmers, rural residents, and communities. It helps borrowers gain maximum benefit from loans through counseling and technical assistance.

Farmers and rural people have several credit programs they can call upon through FHA to help purchase or operate farms, provide new employment and business opportunities, enhance environment, acquire homes, and upgrade the standard of living for all who wish to live in small towns or open country.

Agency personnel are active on State and county committees involved with the improvement or development of local areas. They have learned the need for local ideas and initiative, for leadership from private individuals and local officials.

Some loan programs are strictly for individuals and their families. Some involve associations of people. Other loans are made to partnerships, corporations, or public bodies. FHA employees work in concert with all types of borrowers as well as with State and local officials, planning groups, and Government agencies.

The agency's loan authorities provide a supplemental source of credit, augmenting the efforts of the private lenders rather than competing with them. Most FHA programs require that a borrower "graduate" to commercial credit when able to do so. The nature of the agency's operation makes it possible for Farmers Home Administration to increase the supply of rural credit by drawing money from the major finance centers of our Nation.

## **AREAS OF SERVICE**

Major purposes of FHA's rural credit programs include:

1. To help build the family farm system,

the economic and social base of many rural communities.

2. To expand business and industry, increase income and employment, and control or abate pollution.

3. To install water and waste disposal systems and other community facilities that will help rural areas upgrade the quality of living and promote economic development and growth.

4. To provide or improve modest homes in suitable rural environments at prices and on terms that families of low or moderate income can afford.

## **LOAN CATEGORIES**

Most of the loan programs fall into two categories:

**GUARANTEED LOANS**, in which the loan is made and serviced by a private lender. FHA guarantees to limit any loss to a specified percentage. Interest rates are determined between borrower and lender unless the rate is established by law.

**INSURED LOANS** that are originated, made, and serviced by the personnel of the agency. Notes are sold to investors, backed by the full faith of the Government, and the investors' money replenishes a revolving loan fund. For most programs, interest rates to borrowers are determined by the current cost of Federal borrowing, although some rates are established by statute.

## **ELIGIBILITY**

All applications are considered regardless of sex, race, color, creed, or national origin of the applicant. For individual loans, applications from eligible veterans have preference for processing.

These general rules of eligibility also apply:

**Farmer Credit:** Borrower must be a family-size operator, living on and operating his farm, at least on a part-time basis.

**Housing Credit:** Families of low or moderate income may obtain loans to buy, build, or repair homes for their own use, or rental units may be built for occupancy by persons 62 years of age or older, or for low or moderate income families. Housing is for open country or towns that are rural in character with population of not more than 10,000.

**Community Credit:** Rural towns of 10,000 population or less and rural areas may borrow to improve or develop community facilities, including waste and water systems.

**Business and Industrial Credit:** Loans to promote development of business and industry, or for small business enterprises, may be made for projects in cities and towns below 50,000 population, but not in larger cities or in areas adjacent to them where population density is more than 100 persons per square mile. Preference is given to applications for projects in open country, rural communities, and towns of 25,000 and smaller.

## WHERE TO APPLY

Farmers Home Administration is a decentralized agency, with 42 State offices covering all 50 States plus Puerto Rico and the Virgin Islands. All rural counties are served from over 1,700 county offices, usually located in county seat towns.

Information on all loans is available at the FHA office serving the county in which the farm, home, or community is located. In programs where the agency is authorized to guarantee loans, a lender will be the primary source of a borrower's contact for funds and for supervision. In instances where FHA writes the check for the loan, application is made at the county office, and most loans will be approved at that office, with some large or specialized ones being handled at the district or State levels.

If the address and telephone number of the Farmers Home Administration office

cannot be found in the local telephone directory, write Farmers Home Administration, U.S. Department of Agriculture, Washington, D.C. 20250, for the address of the office serving your county.

## **FARMERS HOME ADMINISTRATION BUILDS RURAL AMERICA THROUGH SUPERVISED CREDIT FOR FARM- ING, BUSINESS and INDUSTRIAL DEVELOPMENT, HOUSING, AND COMMUNITY FACILITIES**

### **Farm Ownership Loans**

**Purpose:** To buy land; refinance debts; construct, repair or improve buildings; improve farmland; develop water facilities; and establish farm-based business enterprises to supplement farming income.

**For:** Qualified persons who will get a substantial share of their income from farming.

### **Farm Operating Loans**

**Purpose:** To buy livestock, equipment, feed, seed, fertilizer, birds or supplies for farm, and home operations; refinance debts or pay interest on them; assist with payments on equipment; make minor real estate improvements; improve forest lands; establish nonfarm enterprises to supplement farm income.

**For:** Eligible operators of not larger than family farms.

### **Farm Emergency Loans**

**Purpose:** For operating or living expenses, home repairs, and to replace livestock, essential farm buildings, and equipment needed to restore normal operations after severe loss from natural disaster in designated areas. Some debts may be refinanced.

**For:** Eligible farmers, ranchers, and oyster planters.

## **Irrigation and Drainage Loans**

**Purpose:** To develop community irrigation, drainage, and other soil and water conservation and use facilities.

**For:** Public agencies or nonprofit corporations.

## **Grazing Associations Loans**

**Purpose:** To acquire and develop grazing land for livestock of association members.

**For:** Nonprofit corporations owned, operated, and managed by neighboring members who are family farmers or ranchers.

## **Resource Conservation and Development Loans**

**Purpose:** To conserve and develop natural resources in areas designated by the Soil Conservation Service. Loans must be for community benefit and contribute to the economic improvement of the area.

**For:** Public agencies or nonprofit corporations.

## **Watershed Loans**

**Purpose:** To pay applicant's share of projects to protect and develop land and water resources in small watersheds. Flood control dams, reservoirs, irrigation canals, and easements are examples.

**For:** Agencies authorized under State law.

## **Indian Land Acquisition Loans**

**Purpose:** To permit Indian tribes to buy land within their reservations.

**For:** Qualified tribes or tribal corporations.

## **Soil and Water Conservation Loans**

**Purpose:** To finance land and water development measures, forestation, drainage of farm land, irrigation, pasture improvement and related land and water use adjustments.

**For:** An eligible owner, tenant, leaseholder, partnership, or corporation.



## **Recreation Enterprise Loans**

**Purpose:** To develop recreation areas, including swimming, fishing, boating, and camping facilities.

**For:** Individual farmers planning income-producing outdoor on-farm recreation.

## **Youth Loans**

**Purpose:** To establish and operate income-producing projects that will provide practical business experience.

**For:** Rural youths enrolled in an organized and supervised program.

## **Community Facility Loans**

**Purpose:** To construct community water and waste disposal systems, community centers, fire stations, and other community facilities.

**For:** Public agencies or nonprofit corporations.

## **Business and Industrial Loans**

**Purpose:** To develop or finance business or industry, increase income and employment, and control or abate pollution.

**For:** Legal entities, including individuals, public and private organizations, and federally recognized Indian tribal groups in open country or towns of up to 50,000 people. Grants may be available to public bodies.

## **Individual Homeownership Loans**

**Purpose:** To buy, build, improve, or relocate homes; to buy building sites; to re-finance certain housing debts.

**For:** Low to moderate income families who will occupy homes in rural areas. Individuals, partnerships, or corporations that build or improve houses may receive conditional commitments to encourage quantity building.

## **Repair and Rehabilitation Housing Loans**

**Purpose:** To make repairs to remove health and safety hazards.

**For:** Very low income owner-occupants who have repayment capability for loans of this size.

## **Rental and Cooperative Housing Loans**

**Purpose:** To build, buy, improve, or repair rental or cooperatively owned houses or apartments for occupancy by low to moderate income families and persons age 62 or older.

**For:** Corporations, cooperatives, public agencies, individuals, and partnerships.

## **Farm Labor Housing Loans**

**Purpose:** To buy, build, or repair housing and related facilities for domestic farm labor.

**For:** Farm owners, associations of farmers, broadly based nonprofit organizations, nonprofit organizations of farm workers, and public agencies.

## **Homesite Development Loans**

**Purpose:** To buy and develop building sites for sale to low and moderate income families.

**For:** Public agencies or nonprofit corporations.

## **Self-Help Technical Assistance Grants**

**Purpose:** To provide technical and supervisory assistance to families who carry out self-help homebuilding efforts under the individual housing loan program.

**For:** Public agencies or nonprofit corporations.

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